

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 AID-05 PC-01 EB-07 OMB-01 SY-05 OPR-02

A-01 OC-05 CCO-00 /078 W

----- 036650

O P 301910Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 6594

INFO AMEMBASSY LA PAZ PRIORITY

AMEMBASSY QUITO PRIORITY

AMEMBASSY SANTIAGO PRIORITY

AMEMBASSY MEXICO CITY PRIORITY

USCINCSO PRIORITY

DIA WASHDC PRIORITY

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EO 11652: N/A

TAGS: PINT, PE

SUBJECT: CHANGE IN GOVERNMENT - SITREP 9

1. SITUATION IN PERU REMAINS CALM. CHANGE IN GOVERNMENT HAS BEEN ACCEPTED BY VELASCO AND NO ADVERSE REACTION REPORTED THUS FAR. THERE WAS SOME TEMPORARY CONSUMER PANIC AND A RUN ON BASIC FOODSTUFFS YESTERDAY AS IN NORMAL IN SIMILAR SITUATIONS. THIS HAS ALSO NORMALIZED. WE ARE THEREFORE DISCONTINUING SITUATION REPORTS.

2. GENERAL MORALES BERMUDEZ WILL BE SWORN IN AS PRESIDENT AT FIVE P.M. AUGUST 30. HE WAS TO LEAVE TACNA AT 6 A.M. BOUND FOR LIMA.

3. MORALES BERMUDEZ SPOKE BEFORE PUBLIC IN TACNA EVENING OF AUGUST 29 AND DECLARED THAT THE PRINCIPLES AND IDEOLOGY OF

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THE REVOLUTION WOULD NOT CHANGE "ONE MILLIMETER". HE

WAS SILENT ON THE NEED TO CHANGE POLICIES BUT DECLARED THAT THE PERUVIAN REVOLUTIONARY MODEL (NEITHER CAPITALIST NOT COMMUNIST) WOULD UNDER GO MODIFICATIONS IN PROCEDURES AND PROCESS. "THE MANAGEMENT AND POLITICAL CONDUCT OF THE REVOLUTION WILL NECESSARILY CHANGE," SAID MORALES BERMUDEZ, "BECAUSE SOLUTIONS TO THE GREAT PROBLEMS OF PERU HAVE TO BE REACHED ON THE BASIS OF MEDITATION AND PROFOUND ANALYSIS. WHEN THE GOVERNMENT TAKES A DECISION IT CANNOT BE ON THE BASIS OF SIMPLE WHIM FOR PERSONALIST REASONS OR TO SEEK ADULATION BUT IT MUST BE DIRECTED IN THE BEST INTEREST OF THE PEOPLE AS A SOVEREIGN ACT OF THE COUNTRY AND THE REVOLUTION."

4. MORALES BERMUDEZ TOLD NEWSMEN IN TACNA LATE EVENING AUGUST 29 THAT GENERAL VARGAS PRIETO WOULD BE THE NEW PRIME MINISTER. AS FOR OTHER MINISTERIAL CHANGES, MORALES BERMUDEZ SAID, "I DO NOT LIKE TO MAKE DECISIONS WITHOUT STUDYING THEM...THE MINISTERS SHOULD CONTINUE. AFTER ANALYSING THE PROBLEM, THE CHANGE OF ONE OR ANOTHER MAY BE SEEN AS NECESSARY, BUT IN GENERAL TERMS, THE CABINET SHOULD CONTINUE." MORALES BERMUDEZ'S PRESS CHIEF, GNERAL VILLALOBOS (HE HAS BEEN SECRETARY GENERAL IN THE MINISTRY OF WAR) TOLD NEWSMEN THAT "CABINET CHANGES ARE POSSIBLE."

5. CONCERNING CHANGES IN THE MILITARY COMMAND, MORALES BERMUDEZ DECLARED THAT "IN THE ARMY WE FOLLOW STRICT ORDER OF SENIORITY. GENERAL OSCAR VARGAS PRIETO WILL REPLACE ME AS PRIME MINISTER, MINISTER OF WAR AND COMMANDING GENERAL OF THE ARMY. IN LIKE MANNER, GENERAL CESAR PODESTA WILL BE AIR FORCE COMMANDER AND VICE-ADMIRAL AUGUSTO GALVEZ, NAVY COMMANDER (EMBASSY HAD CONTRARY REPORT THAT ADMIRAL PARODI WILL BECOME NAVY CHIEF.) EMBASSY HAS HEARD THAT ARMY CHIEF OF STAFF MEZA CUADRA MAY BE REPLACED (HE IS A VELASQUISTA AND IT MAY BE SIGNIFICANT THAT HE ACCOMPANIED VELASCO TO HIS HOME AUGUST 29.) HOWEVER, WE FEEL MORALES BERMUDEZ IS LIKELY NOW TO STRICTLY ADHERE TO THE SENIORITY PRINCIPLE WITH MEZA CUADRA THEREFORE BECOMING CHIEF OF THE JOINT COMMAND. EMBASSY HAS ALSO HEARD THAT THE KEY COMMANDER OF THE SECOND MILITARY REGION, LEFTIST GENERAL RODRIGUEZ FIGUEROA, MAY HAVE BEEN CONVINCED TO LIMITED OFFICIAL USE

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HELP OUST VELASCO IN EXCHANGE FOR DESIGNATION OF RODRIGUEZ AS ARMY CHIEF OF STAFF. IN TERMS OF STRICT SENIORITY HE IS PRECEDED BY GENERALS GRAHAM HURTADO, FERNANDEZ MALDONADO, BARANDIARAN AND TANTALEAN.

6. ASKED WHETHER THE TRANSFER OF THE PRESS TO THE SOCIAL SECTORS WOULD CONTINUE, MORALES BERMUDEZ STATED THAT THERE WOULD BE NO CHANGE. (EMBASSY HAS A REPORT THAT FORMER

PRESIDENT VELASCO'S BROTHER-IN-LAW LUIS GONZALES POSADA IS BEING REPLACED AS DIRECTOR OF GOP DIALY LA CRONICA BY HECTOR AGUIRRE GAMIO; A COLUMNIST FOR THAT NEWSPAPER. THERE IS TALK THAT EL COMERCIO DIRECTOR HECTOR CORNEJO CHAVEZ COULD BECOME A CABINET MINISTER (PERHAPS LABOR) IF CIVILIANS ENTER.

7. ON THE FATE OF PRESIDENT VELASCO, GENERAL VILLALOBOS NOW PRESS SECRETARY-GENERAL FOR THE NEW GOVERNMENT STATED IN TACNA THAT "GENERAL VELASCO IS FREE TO DO AS HE PLEASES. WHETHER HE DESIRES TO STAY OR TO LEAVE THE COUNTRY, GENERAL VELASCO WILL ENJOY ALL MEASURES AND GUARANTEES HE REQUIRES AS A PERSON." VELASCO LEFT THE PALACE THE EVENING OF AUGUST 29 AND RETURNED TO HIS HOME. HE WAS ACCOMPANIED BY HIS WIFE, CHILDREN AND FORMER AIDE GENERAL ENRIQUE IBANEZ BURGA, (WHO OF COURSE WILL BE REPLACED). ARMY CHIEF OF STAFF, MEZA CUADRA ALSO ACCOMPANIED VELASCO. THE FORMER PRESIDENT IS SAID TO HAVE BEEN "SERENE AND SMILING" AND TOLD NEWSMEN "SUPPORT THE GOVERNMENT." UP WITH THE REVOLUTION."

8. LIMA WALLS ARE PAINTED WITH APRA SYMBOLS THIS MORNING, EVIDENCE OF JUBILATION AMONG THAT PARTY'S ADHERENTS. IN UPPER MIDDLE CLASS SUBURB OF MIRAFLORES YOUTHS SHOWED THEIR APPROVAL OF THE CHANGE DURING THE AFTERNOON OF AUGUST 29. WE ARE NOT AWARE OF ANY ORGANIZED OPPOSITION TO THE CHANGE. IT IS PERHAPS NOTEWORTHY THAT LEFTIST DAILY EXPRESO WELCOMED THE CHANGE "WHICH WILL RESULT IN THE RECUPERATION OF REVOLUTIONARY VIGOR WHICH HAD BECOME DEBILITATED. CHANGE IMPLIES MORALIZATION IN THOSE SECTORS INVADED BY CORRUPTION, OPPORTUNISM, AND ABUSE OF POWER." EXPRESO CLAIMED THAT SOCIAL PROPERTY SECTOR WAS BEING SABOTAGED AND IT LOOKED FOR A RENEWAL OF COMMITMENT TO THIS PRIORITY.  
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9. THE LEFT AS WELL AS THE RIGHT MAY BE INITIALLY HOPEFUL, INASMUCH AS VELASCO'S ARBITRARY ACTIONS SUCH AS RECENT DEPORTATION OF STAFF OF LEFT WING POLITICAL JOURNAL MARKA WERE SEEN AS AN IRRATIONAL ACTS. THE COMMUNIST PARTY MAY HOPE THAT MORALES BERMUDEZ WILL DEAL WITH IT IN A PRAGMATIC WAY BASED ON PERCEIVED PCP INFLUENCE ESPECIALLY IN TRADE UNIONS. IN VIEW OF EXPRESSED ANTI-COMMUNIST SENTIMENTS OF MORALES BERMUDEZ (MOST RECENTLY TO EMBASSY ARMY ATTACHE) WE FEEL THAT THIS LEFTIST VIEW MAY BE WISHFUL THINKING.

10. NEW GOVERNMENT ANNOUNCED FROM TACNA THAT BORDER WITH CHILE CLOSED. AIRPORT HAS BEEN CLOSED FROM 11AM. TO 2 PM. WE ASSUME THIS IS DUE TO ARRIVAL MORALES BERMUDEZ FROM FACNA. HE IS TO ADDRESS NAC SHORTLY, ACCOMPANIED BY CABINET.

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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